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December 22, 1999

BY HAND

Lawrence L. Calvert, Jr., Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: MUR 4803

John Tierney for Congress Committee and Roy F. Gelineau,
as Treasurer; Tierney for Congress and Roy F. Gelineau, as
Treasurer; H & C Service Corp. d/b/a Hawthorne Hotel;
Michael Goldman d/b/a Goldman Associates, Respondents

Dear Mr. Calvert:

We write on behalf of all of the respondents to respond to the Commission's reason to believe finding in MUR 4803 and its underlying Factual and Legal Analysis. As you know, the Factual and Legal Analysis raises issues that were not raised in the original complaint. In addition, upon further investigation, we have come to a more thorough understanding of the facts in this matter, which we believe will be helpful to the Commission. At this time, we also wish to renew our request that the Commission enter into pre-probable cause conciliation with all of the respondents.

The Factual and Legal Analysis raises two new charges that we believe are not borne out by the facts. First, the Analysis suggests that the 1994 campaign incorrectly reported a \$25,000 loan. The facts, as documented by the enclosed affidavit of John Tierney, with the relevant loan documents attached, are as follows.

[29384-0001/DA993540.072]

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On September 2, 1994, Mr. Tierney entered into a revolving equity credit line agreement with Eastern Bank. This \$25,000 line of credit was secured by his personal residence. His use of these funds was unrestricted. As Congressman Tierney says, he could have used the funds to travel or to buy luxury items for himself. He chose to use the funds to make a further loan to his campaign. The campaign committee was not a party to the loan, nor was it liable for the loan. As he had done when making two previous loans to his campaign, he charged the campaign no interest.

Since he was personally and solely liable for repayment of the loan, he considered it a loan from himself to the campaign. Nevertheless, from the outset, the campaign clearly distinguished its reporting of this loan from that of Mr. Tierney's two previous loans. The source of the two previous loans had been consistently reported on Schedule C as "John F. Tierney (from personal funds)." The source of the third loan was reported, on the October 15, 1994 Quarterly Report, as "John F. Tierney (see details attached)" with a completed Schedule C-1 attached, fully disclosing Eastern Bank as the lending institution and the details of the line of credit.

The Schedule C-1 has been specifically referenced on each Schedule C and attached to each subsequent report, including, in an excess of disclosure, reports filed after Congressman Tierney paid off the loan to Eastern Bank in 1997 (see Tierney Affidavit and attachment thereto). Thus, it is clear to anyone reviewing the campaign's reports that the source of the funds was a loan from Eastern Bank to John Tierney. It is indeed apparent from reading the Commission's Factual and Legal Analysis that the Commission understands both the source and the nature of the loan. The alleged violations of 2 U.S.C. § 434(b)(8) simply do not exist.

The allegations of excessive and prohibited contributions through extensions of credit appear to rest on misunderstandings of the facts. With respect to the supposed debt to H & C Service Corp. d/b/a the Hawthorne Hotel, the facts are as follows.

The reported debt of \$1,060.31 represents the costs of campaign events on the nights of the primary and general elections in 1994. As attested to by Ivy Lenihan, controller of the Hawthorne Hotel, the hotel went through a period of administrative difficulties in the mid-1990's which resulted in inaccuracies, delays and omissions in its billing. It was at that time extremely difficult for a customer which held events at the hotel, such as John Tierney's 1994 campaign committee, to determine exactly

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how much it owed, when, and for what. This made it difficult to pay the bills and report the charges accurately.

As further attested to by Ms. Lenihan, the \$1,060.31 charge was actually paid at the end of 1996, along with other subsequently incurred charges. Because of the confusion in the billing, Mr. Gelineau did not realize that the \$1,060.31 had been paid, and he continued to report it as a debt of the 1994 committee. Plainly, the debt cannot have "ripened" into a contribution because the debt had been eradicated.

Similarly, the reported debt to Michael Goldman d/b/a/ Goldman Associates resulted from a misunderstanding. When Mr. Goldman began working for Mr. Tierney, it was on the basis of an oral agreement and without the benefit of a written contract. In hindsight, one can see from their enclosed testimony that they had different understandings of the terms of their agreement. Mr. Tierney had his committee pay what was owed, according to his understanding of the agreement. Mr. Goldman agrees that nothing further is owed.

Mr. Gelineau, not being privy to the agreement, misunderstood its terms and scrupulously reported what he believed to be a debt. Those reports, we now know, contained some inaccuracies, which the committee is prepared to correct with amendments. Both Congressman Tierney and Mr. Goldman agree, however, that no debt is currently owing and that the payments made by the Tierney committee to Goldman Associates represent a commercially reasonable rate of compensation for the services provided. Here, again, there has been no contribution.¹

Finally, with respect to the transfer of funds, we reiterate our position that 11 CFR § 116.2(c)(2) was intended to prevent impermissible corporate contributions through repeated and "substantial extensions of credit from the same incorporated vendors" which had given credit to the candidate's previous committee and to "prevent principal campaign committees from settling debts in situations where the

¹ The confusion over the nature and existence of these debts persisted until very recently and was responsible for what we now realize was an inaccurate statement in our first response on behalf of the Tierney committees and Mr. Gelineau, that the debts to the hotel and Goldman Associates were debts in the ordinary course of business and that it was anticipated that the debts would be paid in full. In fact, the debts have already been paid. We apologize for the inadvertent misstatement.

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candidate has another campaign committee capable of paying the amount owed.” 55 Fed. Reg. 26378 (June 27, 1990). We now know that the only real debt of the 1994 committee is a debt to the candidate himself. The Commission acknowledges that in a previous case involving a similar transfer of funds, no enforcement matter ensued and no civil penalty was imposed. To impose a penalty here when none was imposed there would be arbitrary and capricious.

We look forward to working with you to resolve this matter.

Very truly yours,



Judith L. Corley
Ellen L. Weintraub
Counsel for Respondents

ELW:elw

Enclosures

**BEFORE THE
FEDERAL ELECTION COMMISSION**

In Re

**JOHN TIERNEY FOR CONGRESS
COMMITTEE and ROY F.
GELINEAU, as Treasurer;
TIERNEY FOR CONGRESS and
ROY F. GELINEAU, as Treasurer;
H & C SERVICE CORP. d/b/a
HAWTHORNE HOTEL;
MICHAEL GOLDMAN d/b/a
GOLDMAN ASSOCIATES**

MUR 4803

Dec 23 11 32 AM '99

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COMMISSION
OFFICE OF GENERAL
COUNSEL**

AFFIDAVIT OF JOHN TIERNEY

I, John Tierney, being duly sworn, do depose and say:

1. I make this statement in connection with MUR 4803 to record certain facts that are within my personal knowledge.

Loan from Eastern Bank

2. As shown on the attached loan documents, I entered into a revolving equity credit line agreement with Eastern Bank on September 2, 1994. This \$25,000 line of credit was secured by my personal residence.

3. I was personally and solely liable on this credit agreement. My campaign committee was not a party to it and was in no way liable for repayment.

4. The \$25,000 was available to me to use as I saw fit. I could have used it for personal travel or to purchase luxury items. I chose to make a no-interest loan to my campaign.

5. My campaign committee duly reported my loan to it, and the source of the funds for that loan, that is, the Eastern Bank loan to me.

6. While I paid off the loan to Eastern Bank in 1997, and sold the condominium that secured it (see attached loan documents), my campaign committee remains indebted to me.

Alleged Extensions of Credit

7. I am informed that the FEC has suggested that my campaign committee has received excessive and prohibited contributions through extensions of credit from the Hawthorne Hotel and Michael Goldman (through his business, Goldman Associates).

8. In each of my campaigns, my committees have used the Hawthorne Hotel as a site for fundraising events and Michael Goldman as a communications consultant.

9. I have been informed by both of these vendors that neither of my campaign committees owes them any money.

10. I particularly want to address the question of my original arrangement with Michael Goldman. When I first ran for Congress in 1994, he offered his services as a communications consultant. We had no written contract, but only an oral understanding.

11. When Mr. Goldman first proposed a fee arrangement, I was concerned about my campaign's ability to pay his fees, but I considered it an opening bid in a business negotiation. Our discussion was wide-ranging and informal. I told him what I was willing to pay, and believed when he agreed to work for me, that it was on my terms.

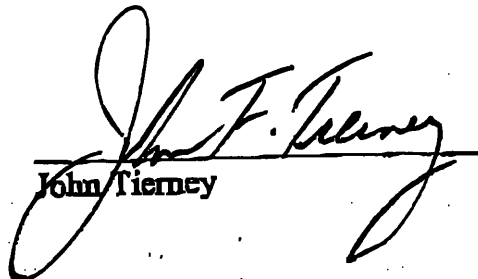
12. I understand that he sent me bills at a higher rate. My campaign committee paid him at the rate I had agreed to pay, a rate that I considered fair and reasonable remuneration for the services he was providing.

13. Eventually, Mr. Goldman told me to ignore his earlier bills, that they had been calculated on a basis other than that to which I had agreed. I do not believe that my campaign is currently in debt to him; nor do I believe that he believes my campaign is in debt to him. If my campaign committee has been reporting a debt, it is due to a misunderstanding on the part of the treasurer. The committee will be happy to amend its reports.

Further affiant sayeth not.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 20, 1999.


John Tierney

6323 504 40 13



September 16, 1997

John F. Tierney
23 Beach Avenue, Unit 3
Salem, MA 01970

RE: 23 Beach Avenue Unit 3, Salem, MA

Dear Mortgagor:

Enclosed please find your paid note for the property at the above address.

The discharged mortgage has been sent to Broadhurst, Lakin & Lakin for recording.

If you should have any questions please contact me at 617-596-4562.

Sincerely,


Dorothy A. Bockus
Operations Supervisor

RETURN TO: EASTERN BANK
270 UNION STREET
LYNN, MA 01901



Eastern Bank

35-0001028
12/15/99 08:06 Inst 15
EK 12737 PG 93

ATT: LOAN SERVICING DEPT.

REVOLVING EQUITY MORTGAGE DEED

PAID

THIS MORTGAGE SECURES A REVOLVING LINE OF CREDIT AGREEMENT THAT IS SUBJECT TO A VARIABLE RATE OF INTEREST. THEREFORE, THE AMOUNT OF THE OBLIGATION SECURED BY THIS MORTGAGE MAY INCREASE AND DECREASE PERIODICALLY.

THIS MORTGAGE ("Security Instrument") is given on September 2, 19 94
The mortgagor is JOHN F. TIERNEY ("Borrower"),
whose mailing address is 23 BEACH AVENUE, UNIT 3, SALEM, MASSACHUSETTS 01970
This Security Instrument is given to Eastern Bank, which is organized and existing under the laws of the Commonwealth of
Massachusetts, and whose address is 112 MARKET STREET, LYNN, MASSACHUSETTS 01901 ("Lender").
Borrower owes Lender all amounts advanced from time to time under the terms of an open end credit plan (as defined in the Truth in
Lending Act), which will not be more than the principal sum of TWENTY-FIVE THOUSAND AND 00/100-----
Dollars (U.S. \$ 25,000.00 . . .) plus interest and other charges.
This debt is evidenced by a revolving equity credit line agreement signed by Borrower and dated the same date as this Security
Instrument, which may be amended from time to time ("Agreement"). The Agreement provides for monthly payments, with the full
debt, if not paid earlier, due and payable on September 2, 2009
This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Agreement, with interest, and all renewals,
extensions and modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of
this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the
Agreement. For this purpose, Borrower does hereby mortgage, grant and convey to Lender, with mortgage covenants and with power
of sale, the following described property located in the town or city of SALEM
and county of ESSEX in the state or Commonwealth of MASSACHUSETTS

FULL FULL LEGAL DESCRIPTION, SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

which has the address of 23 BEACH AVENUE, UNIT 3 SALEM
(Street) (City)
MASSACHUSETTS 01970 ("Property Address").
(State) (Zip)

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered. Borrower warrants and will defend generally the title to the Property against all claims and demands.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Other Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Agreement and any other charges due under the Agreement.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Agreement, until the Agreement is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items. Borrower shall not be obligated to make such payments of Funds to Lender to the extent that Borrower makes such payments to the holder of a prior mortgage or deed of trust if such holder is an institutional lender.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Security Instrument and termination or expiration of the Lender's obligation to make any additional advances to Borrower, Lender shall promptly refund to Borrower any funds held by Lender. If under paragraph 18 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to billed finance charge due under the Agreement; second, to other charges due under the Agreement; third, to amounts payable under paragraph 2; fourth, to principal; and last, to unbilled finance charge.

4. Prior Mortgages and Deeds of Trust; Charges; Liens. Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards including within the term "extended coverage" and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals, subject to the terms of any applicable law and of any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with an excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not exceed or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the monthly payments referred to in paragraph 2. If under paragraph 18 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums that are or may be advanced under the Agreement.

6. Preservation and Maintenance of Property; Leaseholds. Borrower shall not destroy, damage or substantially change the Property, allow the property to deteriorate or commit waste. If this Security Instrument is on a leasehold Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property; Mortgage Insurance. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Lender may do and pay for whatever is

necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorney's fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the rate applicable under the Agreement and shall be payable, with interest, upon notice from Lender to Borrower.

If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

8. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the monthly payments referred to in paragraph 2.

10. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lenders shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

11. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 1. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Agreement: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Agreement; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Agreement without that Borrower's consent.

12. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Agreement or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Agreement.

13. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

14. Government Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Agreement which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Agreement are declared to be severable.

15. Borrower's Copy. Borrower shall be given one conformed copy of the Agreement and of this Security Instrument.

16. Rehabilitation Loan Agreement. Borrower shall fulfill all of Borrower's obligations under any home rehabilitation, improvement, repair, or other loan agreement which Borrower enters into with Lender. Lender, at Lender's option, may require Borrower to execute and deliver to Lender, in a form acceptable to Lender, an assignment of any rights, claims or defenses which Borrower may have against parties who supply labor, materials or services in connection with improvements made to the Property.

17. Transfer of the Property or a Beneficial Interest in Borrower or Death of Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, or if any one of Borrower dies, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by applicable law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

NON-UNIFORM COVENANTS: Borrower and Lender further covenant and agree as follows:

18. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument that consists of fraud or a material misrepresentation in connection with the Agreement, a failure to satisfy the repayment terms of the Agreement, or any action or inaction that adversely affects the Property or the Lender's rights in the Property (but no such notice shall be required prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the STATUTORY POWER OF SALE and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 18, including, but not limited to, reasonable attorney's fees and costs of title evidence.

If Lender invokes the STATUTORY POWER OF SALE, Lender shall mail a copy of a notice of sale to Borrower, and to other persons prescribed by applicable law, in the manner provided by applicable law. Lender shall publish the notice of sale, and the Property shall be sold in the manner prescribed by applicable law. Lender or its designee may purchase the Property at any sale. The proceeds of the sale shall be applied in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

19. Lender in Possession. Upon acceleration under paragraph 18 or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument.

20. Release. Upon payment of all sums secured by this Security Instrument, Lender shall discharge this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs. Notwithstanding the first sentence of the paragraph, this security instrument shall remain in full force and effect, even though the outstanding balance of loans made under the Agreement may be zero, until the Borrower has satisfied all obligations hereunder and under the Agreement and the Lender has no further obligation pursuant to the Agreement to make any additional loans to the Borrower.

21. Waivers. Borrower waives all rights of homestead exemption in the Property and relinquishes all rights of curtesy and dower in the Property.

22. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

☒ Condominium Rider

☐ 2-4 Family Rider

☐ Other(s) [specify]

☐ Planned Unit Development Rider

**REQUEST FOR NOTICE OF DEFAULT AND FORECLOSURE
UNDER SUPERIOR MORTGAGES OR DEEDS OF TRUST**

Borrower and Lender request the holder of any mortgage, deed of trust or other encumbrance with a lien which has priority over this Mortgage to give Notice to Lender, at Lender's address set forth on page one of this Mortgage, of any default under the superior encumbrance and of any sale or other foreclosure action.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Witness:

Michael J. Tierney

JOHN F. TIERNEY

(Seal)
- Borrower

(Seal)
- Borrower

STATE/Commonwealth of MASSACHUSETTS

SS: September 2 19 94

COUNTY OF ESSEX

Personally appeared before me, the above named JOHN F. TIERNEY

and acknowledged the execution of the foregoing instrument to be THEIR free act and deed.

(Seal)

Notary Public

Print Name of Notary

My commission expires:

Cynthia A. Linn
June 23, 2000

Eastern BankApproved Credit Line: \$ 25,000.00

350087528

Dear Customer:

This Agreement governs your Revolving Equity Credit Line Account with Eastern Bank ("we" or "us"). Each person who applies for this Account ("you") agrees to be bound by this Agreement.

YOUR CREDIT LINE. The maximum amount of principal that you can owe us from time to time on this Account is the amount stated above following the words "Approved Credit Line" (your "credit line"). We may decrease your credit line under certain circumstances, as described in the section of this Agreement entitled "Reduction or Suspension of Credit Privileges." You promise never to request a loan that, if made by us, would cause the unpaid principal balance of your Account to exceed your credit line. If you do request a loan that would exceed your credit line, we have no obligation to make it, nor are we obligated to pay any draft that is postdated or more than 6 months old. However, we may do so if we so choose. You agree to repay any amount in excess of your credit line immediately and without demand from us.

HOW TO BORROW MONEY. After the fourth (4th) business day following the date of this Agreement and until the tenth (10th) anniversary of this Agreement, we are obligated to loan you money as described below, provided that: (a) this Agreement has not been rescinded and we have received written notice from you that you did not rescind the Agreement; (b) the amount of the loan requested is at least \$500.00 or the available balance of your credit line, whichever is less; (c) your Account has not been closed in accordance with the section of this Agreement entitled "Closing Your Account"; (d) we have not asked you to pay the outstanding balance of your Account in accordance with the section of this Agreement entitled "Default"; and (e) your right to obtain additional loan advances has not been suspended in accordance with the section of this Agreement entitled "Reduction or Suspension of Credit Privileges." The ways we are obligated to loan you money are:

- (1) **Revolving Equity Credit Line Instruments** - Upon proper presentment to us of one of the Revolving Equity Credit Line Instruments we have given you, which look like and are processed like checks, we will loan you the amount of the instrument. If this is a joint Account, each Revolving Equity Credit Line instrument may be signed by any one of you.
- (2) **Other** - We may, from time to time, authorize the use of other instruments or means by which you can obtain a loan.

YOUR PAYMENT PROMISE. You promise to pay us all amounts that you borrow under this Agreement plus the applicable finance charge and other charges as provided for in this Agreement. You also waive demand, presentment for payment, protest, notice of protest, and all other demands and notices in connection with the delivery, acceptance, performance, and default of this Agreement, and generally all defenses that you are not primarily liable.

STATEMENTS. Each month we will mail you a statement that will show (a) loans, charges, payments, and credits posted to your Account during the billing cycle, (b) what you owe us as of the statement date (your "New Balance"), and (c) the amount of your minimum payment and when it is due (the "minimum payment due date").

MINIMUM PAYMENT. Each month, you must pay us by the minimum payment due date at least the minimum payment shown on your statement. The minimum payment due date will be the 20th day of each month, unless we give you written notice that it will be a different day. You may, of course, pay more than the minimum payment amount to reduce the future finance charge.

Until the tenth (10th) anniversary of this Agreement, the minimum payment will be the sum of: (a) 1.5% of the New Balance or \$100.00, whichever is greater, plus (b) any overdue payment.

Commencing with the first billing cycle that begins after the tenth (10th) anniversary of this Agreement, your minimum payment will be the sum of (a) the finance charge for the billing cycle, plus (b) any other charges posted to the Account during the billing cycle plus (c) 1/60th of the principal portion of your New Balance on the tenth (10th) anniversary of this Agreement.

If the payment amount computed as described in the preceding sentences is greater than the New Balance, you are only required to pay the New Balance.

You must make payments by mail or in person at our offices. You may not use a Revolving Equity Credit Line loan to make the payment.

Payments will be applied, first, to billed and unpaid finance charge, next to any other charges debited to the Account during the billing cycle, next to any amounts required to be paid in escrow under the terms of the mortgage securing this Agreement, next to loan advances, and finally to finance charge that is accrued but not yet due and payable.

We may accept late or partial payment, or checks marked "payment in full" or the like, without losing any of our rights under this Agreement. We may extend the time for any payment or delay enforcing our rights under this Agreement without losing them. If this is a joint Account, we may deal with, grant extensions of time or other indulgences to, or release either one of you without affecting the liability of the other, who shall remain fully liable.

REVOLVING EQUITY CREDIT LINE AGREEMENT

(Including Truth-in-Lending Disclosures)

PAID

NEGATIVE AMORTIZATION. Under the circumstances, your minimum payments prior to the tenth (10th) anniversary of this Agreement will not cover the finance charge that accrues and negative amortization may begin to occur. Negative amortization will increase the amount that you owe us and reduce your equity in your home.

FINANCE CHARGE. The finance charge accrues on each advance from date of the advance until the date payment of the advance is credited. The finance charge is computed using the average daily balance method. The average daily balance is determined by totalling the closing balances outstanding for each day of the billing cycle and dividing the sum by the number of days in the billing cycle. We determine the closing balance of your Account each day by taking the beginning balance of your Account that day, adding any Revolving Equity Credit Line advances or other charges and subtracting any payments or credits posted to your Account that day. When calculating the beginning balance of your Account each day, we include any previously billed finance charge that was not paid by the minimum payment due date for the immediately preceding month. We calculate the **FINANCE CHARGE** by multiplying the average daily balance of your account by a periodic rate of 0.21233% (**ANNUAL PERCENTAGE RATE 7.75%**) subject to adjustment as provided below, times the number of days in the billing cycle. The product of these calculations is your finance charge for the billing cycle.

ANNUAL PERCENTAGE RATE ADJUSTMENTS. The annual percentage rate shall be adjusted on the first day of each billing cycle to a rate that is 1.5 percentage points (the "margin") above the highest rate published in the "Money Rates" section of The Wall Street Journal, or any successor thereto, and designated as the "U.S. Prime Rate" on the last business day of the preceding month. The daily periodic rate shall be determined by dividing the adjusted annual percentage rate by the number of days in the year, then by rounding that number to the nearest one hundred thousandth percent. The rates determined in accordance with the preceding paragraph shall remain in effect until the first day of the next billing cycle, when they will be adjusted again. Any increase in the annual percentage rate will cause an increase in the amount of your monthly payments. The annual percentage rate will never be increased above the maximum rate permitted by law or 18% per year, whichever is lower.

If The Wall Street Journal, or any successor thereto, shall cease to publish U.S. Prime Rate, we may use any other index rate and margin we reasonably select, provided that the new index and margin satisfy the requirements of applicable law.

The Annual Percentage Rate reflects the amount of interest (or "finance charge") that will accrue on your Account, but does not include any other costs.

OTHER CHARGES. You will be charged the following fees in connection with opening this Account:

Appraisal Fee: \$ N/A
 Attorney's Closing Fee: \$ N/A
 Mortgage Recording Fee: \$ N/A
 Title Insurance: \$ N/A
 Other (N/A): \$ N/A

You will also be charged our usual insufficient funds charge whenever you receive a draft of yours that we do not pay because you are no longer entitled to receive advances from your Account or because it would cause your Account balance to exceed your credit line. You will be charged our "bounced" check charge if you submit an instrument that is intended to constitute payment on your Account but which is returned unpaid for any reason. You will be charged our usual stop payment fee if we accept a stop payment order with respect to a Revolving Equity Credit Line instrument written against your account. If any required payment is more than 15 days overdue, you will be charged a late charge equal to 3% of the payment or \$10, whichever is less.

DEFAULT. If you are in default past any applicable grace period, we can terminate your right to receive additional extensions of credit and require you to begin repaying the outstanding balance of your Account or we can declare the entire balance of your Account due and payable at once without notice or demand. You will be in default if you fail to make any payment when due under this Agreement. You will be in default if you commit fraud or make a material misrepresentation in connection with your Account. You will also be in default if you act or fail to act in any manner that adversely affects the property securing this Agreement or any of our rights in that property. If we agree to accept installment payments after we terminate your right to receive additional extensions of credit as a result of default, your minimum monthly payment will be the sum of (a) the finance charge for the billing cycle, plus (b) any other charges posted to the Account during the billing cycle, plus (c) 1/60th of the principal portion of your New Balance as of the date terminated your right to receive additional extensions of credit.

SECURITY. Your Equity Credit Line Account is secured by a mortgage on real estate located at: 23 BEACH AVENUE, UNIT 3
SALEM, MA 01970

(the mortgaged property). You promise never to obtain a loan in

(Cont. on reverse)

Each person who signs this Agreement is legally responsible for the payment of the total amount owed, regardless of whether the Borrower or any Co-Borrower requested advances or incurred charges.

BY SIGNING BELOW, THE BORROWER AND CO-BORROWER EACH AGREE TO BE BOUND BY THE TERMS CONTAINED ON THE FRONT AND BACK OF THIS AGREEMENT AND ACKNOWLEDGE RECEIPT OF A COPY OF THIS AGREEMENT THIS 2nd DAY OF September 19 94

Signature of Borrower: [Signature]

Signature of Co-Borrower: _____

Date of Birth: 09/15/19

Social Security No.: _____

Social Security No.: _____

FORM #3486 • REV. 3/94

21-04-405-2340

TERMS AND CONDITIONS (Cont.)

holder of any prior mortgage that would cause the amount of the obligation secured by that mortgage to be increased above the outstanding amount of that obligation on the date of this Agreement. You also promise to meet your obligations under the mortgage you granted to us and not to transfer all or any part of your interest in the mortgaged property to any third party.

INSURANCE. You must obtain property insurance covering the mortgaged property from an insurer of your choice who is acceptable to us.

SET-OFF. Unless we have issued you a credit card in connection with this Account, we have a right of set-off if you are in default. Having a right of set-off means we can, but do not have to, apply any balance in any account you maintain with us to reduce or extinguish your debt.

COLLECTION. If we incur expenses (including, without limitation, court costs and reasonable lawyers' fees) in attempting to collect any amount owed by you under this Agreement, you agree to pay us these expenses to the extent permitted by law. If this Agreement is governed by the laws of the State of New Hampshire, reasonable attorneys' fees shall be awarded to you if you prevail in (a) any action, suit, or proceeding brought by us; or (b) an action brought by you. If you successfully assert a partial defense or set-off, recoupment, or counterclaim to an action brought by us, the court may withhold from us all or any part of our attorneys' fees, as the court considers equitable.

AMENDMENTS. We may amend this Agreement to make any change (a) to which you specifically agree in writing at the time; (b) that will unequivocally benefit you throughout the remaining term of this Agreement; or (c) that is insignificant. If we amend this Agreement as permitted under clause (b) or (c) of the preceding sentence, we will mail a written notice of the change to you at least 15 days prior to the date on which the change is to become effective or such longer period as may be required by applicable law. Unless provided otherwise at the time of amendment, any amendments made in accordance with this provision shall apply to debts then owing and thereafter incurred by you.

WAIVER. If we waive enforcement of any of our rights on one occasion, that does not mean we will waive enforcement of that or any other right on any other occasion.

TAX IMPLICATIONS. You should consult a tax advisor regarding the deductibility of interest and other charges paid in connection with this Account.

REDUCTION OR SUSPENSION OF CREDIT PRIVILEGES. We may reduce your credit limit or refuse to make any additional loan advances to you if: (a) the value of the mortgaged property declines significantly below the appraised value on which we relied in determining your credit line; (b) we reasonably believe that you will be unable to repay your credit line as re-

quired pursuant to this Agreement as a result of a material change in your financial circumstances; (c) you are in default of any material obligation under this Agreement; (d) our interest in the mortgaged property is adversely affected by some government action to such an extent that the value of the property available to satisfy your obligations under this Agreement is equal to less than 120% of your credit line; (e) we are unable to impose the annual percentage rate provided for under this Agreement as the result of some government action; (f) we have been notified by a government authority that it would be an unsafe business practice to continue making advances; or (g) the maximum annual percentage rate permissible under this Agreement has been reached.

We will reinstate your original credit limit and/or your right to receive additional loan advances if the event or condition that caused us to institute the reduction or suspension of credit privileges is no longer in effect and, if the reason for the reduction or suspension was one of the ones listed in paragraphs (a) through (d), above, you request the reinstatement.

CLOSING YOUR ACCOUNT. Any one of you has the right at any time to request in writing that we not make any future loans. Upon receipt of your request, we will make reasonable efforts to stop further advances, but will not be liable for our failure to do so. You also have the right to close your Account entirely if it has a zero balance and there are no amounts remaining unpaid by delivering to us a written request. Any request or notice from you will not be effective until we receive it.

CREDIT UPDATES. We may inspect or appraise the mortgaged property and verify your financial circumstances from time to time during the term of this Agreement.

TERM OF THIS AGREEMENT. This Agreement remains in full force and effect, unless your Account is sooner closed as provided in the section entitled "Closing Your Account," until the first (1st) day on which there is no outstanding balance after the tenth (10th) anniversary of this Agreement or after we have asked you to pay your outstanding balance as provided in the section of this Agreement entitled "Default." You understand that you may not obtain any new advances after the tenth (10th) anniversary of this Agreement or after we have closed your Account as provided above or after we have terminated or suspended your right to receive advances as provided in the sections of this Agreement entitled "Default" and "Reduction or Suspension of Credit Privileges." You also understand that, unless we have accelerated your obligation as provided in the section entitled "Default," or your right to receive new advances has only been suspended temporarily as provided in the section entitled "Reduction or Suspension of Credit Privileges," the New Balance outstanding at the time your right to receive new advances ends shall be payable in monthly installments over a period not exceeding sixty (60) months.

WHAT LAW APPLIES. This Agreement, and the location for bringing any action concerning this Agreement, is governed by federal law and by the laws of the jurisdiction in which the mortgaged property is located. If the terms of this Agreement conflict with any existing or future law, they shall be deemed modified to the extent necessary to comply with such law. The validity of the remaining terms shall not be affected.

YOUR BILLING RIGHTS KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

Notify Us in Case of Errors or Questions About Your Bill.

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us on a separate sheet of paper at the address listed on the back of your bill. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay your credit line bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

Your Rights and Our Responsibility After We Receive Your Written Notice

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount in question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill, and we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

21.04.105.2848

EASTERN BANK
REVOLVING EQUITY CREDIT LINE AGREEMENT
DISCOUNTED RATE RIDER

**THIS RIDER AMENDS YOUR REVOLVING EQUITY CREDIT
LINE AGREEMENT AND CONTAINS IMPORTANT INFORMATION
AND TRUTH-IN-LENDING DISCLOSURES**

The daily periodic rate (.021233 %) and corresponding **ANNUAL PERCENTAGE RATE** (7.75 %) disclosed in your Revolving Equity Credit Line Agreement (the "Agreement") are discounted rates that are not computed using the rate calculation method described in the Agreement. If they had been based on that rate calculation method, the daily periodic rate would have been (.025342 %) and the corresponding **ANNUAL PERCENTAGE RATE** would have been (9.25 %).

Notwithstanding anything to the contrary stated in the Agreement, the Annual Percentage Rate and daily periodic rate for your account will be determined on each adjustment date prior to June 30, 1995 to be equal to the Index described in the Agreement. Commencing with the first rate adjustment that is made after June 30, 1995, your rate will be adjusted by adding 1.5 percentage points to that index, as provided in the Agreement.

BORROWER (S) ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCOUNTED RATE RIDER TO THE REVOLVING EQUITY CREDIT LINE AGREEMENT.

Signature of Borrower:



JOHN F. TIERNEY

Signature of Co-Borrower:

CONDOMINIUM RIDER

THIS CONDOMINIUM RIDER is made this 2nd day of September, 1994, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to EASTERN BANK (the "Lender") of the same date and covering the Property described in the Security Instrument and located at: 23 BEACH AVE., UNIT 3, SALEM, MA 01970 (Property Address)

The Property includes a unit in, together with an undivided interest in the common elements of, a condominium project known as:

BEACHSIDE CONDOMINIUM

(Name of Condominium Project)

(the "Condominium Project"). If the owners association or other entity which acts for the Condominium Project (the "Owners Association") holds title to property for the benefit or use of its members or shareholders, the Property also includes Borrower's interest in the Owners Association and the uses, proceeds and benefits of Borrower's interest.

CONDOMINIUM COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. Condominium Obligations. Borrower shall perform all of Borrower's obligations under the Condominium Project's Constituent Documents. The "Constituent Documents" are the: (i) Declaration or any other document which creates the Condominium Project; (ii) by-laws; (iii) code of regulations; and (iv) other equivalent documents. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

B. Hazard Insurance. So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy on the Condominium Project which is satisfactory to Lender and which provides insurance coverage in the amounts, for the periods, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage," then:

(i) Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of one-twelfth of the yearly premium installments for hazard insurance on the Property; and

(ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage.

In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, whether to the unit or to common elements, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender for application to the sums secured by the Security Instrument, with any excess paid to Borrower.

C. Public Liability Insurance. Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property, whether of the unit or of the common elements, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Uniform Covenant 9.

E. Lender's Prior Consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to:

(i) the abandonment or termination of the Condominium Project, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

(ii) any amendment to any provision of the Constituent Documents if the provision is for the express benefit of Lender;

(iii) termination of professional management and assumption of self-management of the Owners Association; or

(iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

F. Remedies. If Borrower does not pay condominium dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this Condominium Rider.

JOHN F. TIERNEY

(Seal)

Borrower

(Seal)

Borrower

BN 12737 PG 33

EXHIBIT "A"

PROPERTY: 23 BEACH AVENUE, UNIT 3, SALEM, MA 01970

The land together with the buildings and other structures now or hereafter placed thereon in Salem, Essex County, Massachusetts, consisting of the following:

Unit 3 of the Condominium known as Beachside Condominium ("Condominium") located at 23 Beach Avenue, Salem, Essex County, Massachusetts, a condominium established by John F. Tierney and Robert I. Kalis, Trustees of the Amicus Trust, pursuant to Massachusetts General Laws, Chapter 183A, by Master Deed dated June 14, 1983, and recorded herewith at the Essex South District Registry of Deeds, which Unit is shown on floor plans of the buildings recorded with said Master Deed and on a copy of a portion of said plans attached thereto and made a part thereof, to which is affixed the verified statement of a registered land surveyor in the form required by Section 9 of said Chapter 183A, together with an undivided 30.5 percentage interest in the common areas and facilities of the Condominium as defined and described in said Master Deed.

For mortgagors title, see Deed of John F. Tierney and Robert I. Kalis dated July 8, 1993 and recorded with Essex South District Registry of Deeds in Book 7157, Page 297.

Subject to a mortgage to Eastern Savings Bank (now Eastern Bank) dated July 8, 1983 and recorded with Essex South District Registry of Deeds in Book 7157, Page 303 in the original principal amount of \$75,000.00.

1582 SEP 40 12